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22 September 1980

MEMORANDUM

IRAN: REVOLUTIONARY DYNAMICS AND ATTITUDES
TOWARD THE US HOSTAGES ☐

Ayatollah Khomeini often complains about factionalism, but his apparent efforts to maintain equilibrium among the groups supporting him have caused continued disarray. ☐

Revolutionary Politics

The struggle for power at the national and local levels has been a central feature of the Khomeini regime since it took power in mid-February 1979. Groups and individuals, often self-appointed, appeared at every center of power determined to exploit the political vacuum to root out the remnants of the Shah's regime, settle old grudges, and weaken rivals. Well armed paramilitary and minority groups were able quickly to seize the initiative and deny pro-Khomeini forces' control in much of the Iranian periphery. Arrogant self-styled revolutionary committees and courts operated outside of Tehran under little or no control from Khomeini or his lieutenants. ☐

Ayatollah Khomeini has repeatedly complained that factionalism can alienate the people and open opportunities for "enemies of the revolution." He has even spoken about clerical malfeasance. ☐

The regime has only recently begun to have the organization needed to begin forcing out elements in local administrations that it cannot control and it is not at all certain that it will be able to effectively remove its rivals in the provinces. ☐

PA M 80-10414

APPROVED FOR RELEASE
DATE: AUG 2005

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Khomeini's interventions have produced several respites in the primary rivalry between the several clerical factions and the secular moderates, but the stakes are too high for the players to give in. The various factions want to gain the upper hand before Khomeini, who does not now have incapacitating medical problems, dies suddenly from a single infarction or becomes incapable of acting as the legitimizing force of the regime. []

Khomeini himself seems to want to maintain some competition among the factions that support him. (He wants other groups, like the leftist Fedayeen and Mujahedin as well as minority leaders who do not support the Islamic Republic eliminated.) He seems to realize that no single group is now capable of making the revolution work and, in any case, would see the leaders of any group that seems to be developing that ability as a threat to his own preeminence. He sets the tone, but avoids specifics, thereby encouraging various responses to his remarks that he may use to gauge predominant themes in public opinion. []

Secular and clerical hardliners such as Rajai, Farsi, Ayat, Khomeini, and Montazeri provide the unswerving Islamic character that Khomeini sees as essential for the republic. Manipulators such as Beheshti, Rafsanjani, and Khamenei make the system work in an Islamic framework. Secular moderates including Bani-Sadr, Bazargan, and others bring their practical knowledge to the service of the republic. []

In a mature political system, Khomeini's approach might be effective, but it is creating chaos in Iran. Many Iranians believe they are still in a transition stage from the Shah's regime, and that problems result from the remnants of that era or from the machinations of rival factions or foreign intervention. Consequently, Iran's basic problems are not addressed directly or on their merits. This approach leads to erratic, contradictory, and inconsistent policy guidelines. Assuming responsibility for problem solving increases individual vulnerability unless a consensus has been hammered out in advance; compromise on many issues is defined as anti-revolutionary--a system that leaves the moderates always on the defensive. []

The Military

Extensive purges over the past nineteen months have depleted the officer corps and reached into the lower ranks. The loyalty of experienced officers has been questioned. Capable individuals at any level have a powerful incentive

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to avoid responsibility. Morale has plummeted with the constant purges, inefficient leadership, clerical meddling, and the regime's efforts to control dissident minorities by force. []

The rivalry between the Army and the pro-Khomeini Revolutionary Guard has further debilitated the ground forces. The Guard, although now reported to have over 80,000 members, is still not an effective fighting force. It is also said to be deeply factionalized by loyalties to rival political interests. []

It is unlikely that the threat from Iraq will alter the hardliners' belief that the Iranian military could be a serious threat to the revolution and that it must be replaced with a reliable armed force. The discovery this summer of a military plot reinforced fear of the Army's political potential. []

The Economy

Confusion over guidelines, mismanagement or no management, inefficiency, and purges of knowledgeable employees have crippled the Iranian economy. Some entrepreneurs are making good profits amid the chaos, but their good fortune is temporary and atypical. Persistent rumors suggest that there may be significant official--including clerical--plundering of the treasury. []

Nineteen months after the revolution, Iran lacks budgetary planning and regulation. An emergency budget incorporating anticipated shortfalls in revenue was scheduled for June, but has yet to appear. For fiscal 1980-81, Iran has been operating under an unrealistic \$40.6 billion budget that originally envisioned oil revenues of \$25 billion and a deficit of \$6.6 billion. Because of the sharp drop in oil exports due to high Iranian oil prices, estimates of oil income for the fiscal year now total only \$13 billion. []

Calls by the head of the Plan and Budget Organization for further spending cuts and increased non-oil income have gone unheeded. Continued government deficits are apparently being financed by massive borrowing from the Central Bank--ultimately contributing to the disappearance of loanable funds from public banks and to heavy inflationary pressures. The blockage of Iranian funds abroad has forestalled any attempt to cover the deficit by drawing on those assets. []

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Iranian inefficiency has produced massive back-ups of goods at border crossing-points; dissident Kurds remain able to again interdict road and rail links to Turkey. The regime also suffers from internal distribution problems and shortages. The level of unemployment is high--although we lack the specific data needed for a numerical estimate--but the regime subsidizes these people partly through sales of confiscated property. In addition, many businesses have been forced to pay their employees even if they produce nothing. ☐

Prime Minister Rajai has admitted that development projects desired by local populations cannot be initiated if funds are not available. But the regime has been generally able to provide the daily needs of the people and to complete simple development projects in an effort to maintain the people's goodwill and to indicate that present hardships are not only temporary but caused by anti-revolutionary interests. ☐

The capriciousness and inefficiency of the revolutionary organizations have affected a wide range of the populace and have created disenchantment with national and local leaders. There has been no backlash against Khomeini and none is likely. He has been able to put himself on the side of the people with his constant demands that secular and clerical officials do something to help the Iranian people. ☐

Most Iranians in the lower classes, who form the base of Khomeini's support, seem to believe that current inconveniences and irritations are temporary or the fault of others and can be tolerated or reduced by removing anti-revolutionaries. There have been no major strikes or protest marches, Western diplomats who have recently left Iran, however, report that the populace is becoming more aware of the nation's political and economic problems. ☐

From Khomeini's Viewpoint

Clerical and secular moderates have failed to convince Khomeini that a moderate course--including limited contacts with the US--is necessary while the Islamic Republic is being stabilized. Khomeini may believe that the problems caused by the US responses to the hostage seizure are acceptable tests of the people's revolutionary fibre. Khomeini probably does not view the state of the economy as a threat to his regime, he wants to lay the groundwork for a fundamentally different, self-sufficient simple economy emphasizing agriculture not oil or modern industry. ☐

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The Hostage Issue

We have not believed that Khomeini has ever had a hard and fast idea of what the US could do to secure the release of the hostages. His statement on 12 September may have been intended to provide minimal guidelines to speed Assembly consideration of the hostages rather than to define the terms of its final decision. Two senior ayatollahs, Marashi-Najafi and Golpayegani, has just asked Khomeini to intervene again to stop the rivalries that paralyze the regime and the Assembly itself had asked for guidance on the hostage debate. ☐

The hostage issue may have been kept at the beginning of the Assembly agenda, despite some hardliners' indications that other issues would take precedence, because there was a general perception that no substantive problem could be addressed without dragging in the role--real and imagined--of the US in Iranian affairs. ☐

Nonetheless, Khomeini's statement--apparently drafted by a committee of his advisers--suggests that there has been a decision to do something to try to change the situation. The newspaper of the hardline clerical Islamic Republic Party has characterized the process as "movement toward establishing clear conditions for the release of the hostages in accordance with our Islamic revolution's interests." Consequently, the statement probably should be viewed as a trial balloon to determine exactly what would be required by Khomeini's constituency before he could approve negotiations for the hostages' release. The debate--should it continue--will obviously be an emotionally laden, politically tricky exercise. Any attempt by the US to negotiate before a consensus emerges from the Assembly debate probably would be viewed as an effort to manipulate its outcome. ☐

Moderates in the Assembly have seized the opportunity to advocate a pragmatic resolution to the problem, Bani-Sadr and Ghotbzadch are again implying that they may be able to engineer a solution. The moderates so far have not generated momentum toward a solution. Initial Assembly sessions have been acrimonious. Numerous speakers have called for trials, a US apology, a detailed review of US activities in Iran, and the return of the blocked funds as well as the Shah's wealth--which is given an unrealistically high valuation. Most members' statements are aimed at protecting their own revolutionary credentials; few are willing to speak in favor

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of moderation. Those who do will probably have to answer for their "softness." ☐

There is a chance that the debate will prove cathartic and the Assembly will be willing to moderate its conditions after venting its frustrations. Without public or private interventions by Khomeini, however, the debate could be prolonged; the Assembly may be incapable of reaching a decision on its own. ☐

Indicators of Iranian Intentions

Specific Iranian intentions are likely to remain essentially unpredictable and their course erratic, but there are some indicators that may shed light on whether there is a consensus is developing on key issues. The names and timing for the selection of the remaining cabinet members will shed light on the ability of the major factions to cooperate. The ability of the Assembly to address the hostage problem and whether other matters are included on the agenda with it may indicate what, if any, relationship the Iranian leaders see between the hostage issue and their other problems. Of immediate interest, of course, will be the identities of the members chosen for the Assembly's hostage committee and the "terms of reference" given them by the Assembly, as well as any further public comment by Khomeini. ☐

Major Iraqi incursions into Iranian territory and/or obvious Iranian inability to deny Iraq control of navigation in the Shatt al-Arab, as well as any serious shortfalls in heating fuels and food supplies in the approaching cold weather will put additional pressures on the Khomeini regime. ☐

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